

# U. S. Department of Housing and Urban Development



Community Planning and Development

Region VIII, Denver  
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Denver, Colorado 80202-4801

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December 24, 2008

Ms. Jennifer Olson  
CDBG Program Specialist  
MT Dept. of Commerce  
Community Development Division  
P.O. Box 200523  
Helena, MT 59620-0523

Dear Ms. Olson:

HUD cannot approve your Neighborhood Stabilization Program (NSP) amendment at this time because it does not meet the NSP requirements as specified below:

Distribution and Uses of Funds  
Low Income Targeting

HUD's Office of Community Planning and Development will continue to work with your jurisdiction to insure that its NSP amendment meets the requirements of the NSP as set forth in the Department's October 6, 2008, Notice in the Federal Register.

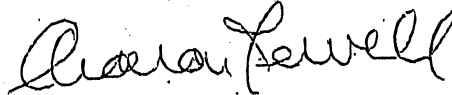
Specific issues to be addressed and requested actions are:

- Your amendment appropriately defines greatest need as those areas of the State that have the highest percentage of foreclosed homes and subprime mortgages. It then, however, uses selection criteria that result in almost the entire State being eligible for NSP activities. Even with the increase in the percent level indicated in the revised amendment the resulting areas are not targeted enough. In order for us to be able to approve your NSP amendment you must further refine your criteria so that it is clear that the areas with the highest number of foreclosed homes and subprime mortgages correlate to those areas where you will target NSP funds. Targeting a high percentage of all census tracts in the State is not acceptable.
- The "Total Montana NSP Budget" on page 43 does not specify by dollar amount the funds identified to provide housing for persons at 50 percent of area median income (AMI). Although the requirement is addressed by the percentage of NSP funds, your amendment must identify the projected dollar amount of no less than \$4,900,000 to be allocated for the benefit of persons at 50 percent of AMI.
- The "Total Montana NSP Budget" indicates that the amount of administration budgeted for each activity for the localities plus the State administration of \$980,000 totals \$1,964,900. The budget must be changed to indicate no more than 10 percent of the total NSP allocation or \$1,960,000 for administration.

While you have up to 45 days from the date of this letter to provide additional information, HUD urges you to respond as quickly as possible in order to expedite processing of your jurisdiction's NSP grant. Please make the required changes and submit them electronically to our office by January 9, 2009, or sooner than that if possible. Please keep in mind that the Notice requires all NSP resubmissions to be received by HUD not later than February 13, 2009.

If you have any questions, please contact either Renae Blair, CPD Representative at 303-672-5064 or Karen Clark, Program Manager, at 303-672-5071. They can be reached via e-mail at [renae.blair@hud.gov](mailto:renae.blair@hud.gov) and [karen.r.clark@hud.gov](mailto:karen.r.clark@hud.gov).

Sincerely,

A handwritten signature in cursive script, appearing to read "Sharon Jewell".

Sharon Jewell  
Acting Director  
Community Planning  
and Development

cc: Gus Byrom